

EXHIBIT “F”

AIRLINE INCENTIVE FRAMEWORK

WHEREAS, tourism is a vital part of the economy of the CNMI, however, the COVID-19 pandemic severely curtailed tourism to the CNMI from outside the CNMI and also reduced inter-island travel within the CNMI.

WHEREAS, through the American Rescue Plan Act ("ARPA"), U.S. P.L. 117-2, subtitle M, section 602(c), the federal government provided funds to the CNMI whereby the CNMI could, in turn, provide funding to maintain or revive tourism and tourism related activities in the CNMI.

WHEREAS, the recent temporary closure of the only current inter-island air carrier demonstrated the vulnerability of the CNMI economy, including its tourist economy, to only having one air carrier in the CNMI.

WHEREAS, the Contractor (hereinafter referred to in this Exhibit as "Marianas Southern") was formed as a joint venture between MP Enterprises, LLC and Southern Airways in order to provide inter-island scheduled and chartered air and cargo passenger service between the islands of the Marianas Islands including Saipan, Tinian, Rota and Guam. However, Marianas Southern needs economic incentives in order to begin operations in the CNMI.

WHEREAS, the government of the CNMI has the means and desire to provide incentive funding to Marianas Southern in order to promote tourism to and within the CNMI and to provide increased economic security for the people of the CNMI.

WHEREAS, as part of this incentive agreement, the CNMI government will provide start-up funding and per flight incentive funding for a set period of time to Marianas Southern. In turn, Marianas Southern agrees to operate certain flights at set rates as well as provide other consideration.

NOW, THEREFORE, the parties hereto agree as follow:

1. Initial Incentive Fund. Upon the effective date of this Contract, the CNMI shall provide to Marianas Southern \$1.5 million dollars in ARPA sourced funding for the purpose of mitigating start-up costs for the airline. "Start-up cost" include acquisition or mobilizing of aircraft/fuel and equipment, staffing, flight crews, training, travel costs, consultants, preparing counter space at CNMI airports, and costs related to those activities. Within thirty days of the start of flight operations in the CNMI, Marianas Southern will provide the CNMI an itemized accounting of the items that the Initial Incentive Fund monies were used for. Any monies of the \$1.5 million Initial Incentive Fund not used on start-up costs will be returned to the CNMI. If Marianas Southern is paid the Initial Incentive Fund on or before April 1, 2022 but fails to start flights in the month of June (subject to delivery of aircraft from the manufacturer (any delay not to exceed thirty days beyond the end of June)), Marianas Southern will reimburse the government of the CNMI any and all monies provided to the airline under this section.

2. Flight Incentive Program.

(a) Marianas Southern agrees to begin scheduled flight service in the month of June. Marianas Southern agrees that during the "incentive period," it will provide a minimum of 42 weekly departures serving Saipan, Tinian, Rota, and Guam. In addition, Marianas Southern agrees that as soon as possible, but no later than three (3) months after commencing operations, Marianas Southern will offer same-day connectivity to Saipan with United Airlines' Honolulu-Guam flight. These flights will substantially conform to the schedule set-forth in the Marianas Southern's proposal. (See Exhibit C). Marianas Southern further agrees that it will increase flights/departures during the incentive period. Marianas Southern will utilize Tecnam P2012 Traveler or Cessna Grand Caravan aircraft during the incentive period.

For the first six months of the incentive period, Marianas Southern shall offer flights at the following fares:

Saipan to/from Guam: \$99.00
 Saipan to/from Tinian: \$39.00
 Saipan to/from Rota: \$69.00
 Rota to/from Guam: \$69.00

(b) The CNMI shall provide the following per-flight/departure incentive funding during the incentive period:

Incentive per Departure (Each Way) Based on Number of Monthly Segments			
Flight Between	First 500	Next 500	Next 1000+
SPN & GUM	\$583.33	\$486.11	\$416.67
ROP & GUM	\$408.33	\$340.28	\$291.67
SPN & TIQ	\$175.00	\$145.83	\$125.00
SPN & ROP	\$350.00	\$291.67	\$250.00
TIQ & GUM	\$495.83	\$413.19	\$354.17

To claim the incentive money, within 15 days of the end of a month, Marianas Southern will provide a report and invoice listing and enumerating the amount of flights/departures for the prior month, the route of the flight/departure, and the incentive amount as set forth in this Exhibit B. Marianas Southern may transmit the report and invoice by electronic mail, or post-marked certified mail, or facsimile.

Upon receipt of the report and invoice, the CNMI shall have 30 days to verify or otherwise satisfy itself of the authenticity of the claim. Upon the verification or satisfaction of the CNMI (such satisfaction not to be unreasonably withheld), the CNMI shall immediately remit the total incentive amount for that month. If the CNMI objects to any part of an invoice, then it shall pay the unobjectionable portion of the incentive amount immediately. Mistake as to the veracity or satisfaction regarding a claim does not render any future discovery of a fraudulent report or invoice, or discovery of a report and invoice based on gross negligence or willful misconduct, as un-actionable. Upon discovery, the CNMI may pursue the actions and remedies described in the

following paragraph.

If Marianas Southern submits a fraudulent report or invoice, or submits an erroneous report and invoice, and such error amounts to gross negligence or willful misconduct, the CNMI reserves the right to withhold incentives, bring suit or terminate the Contract. Any knowingly false statement made in the report and invoice may be actionable and prosecuted for fraud, misrepresentation, and/or breach of contract.

(c) As used in this section, the "incentive period" is the eighteen (18) months after first flight of a scheduled flight in the month of June.

3. Government Related Pricing

(a) Subsequent to the first six-months of the incentive period (as provided in Section (2)(c) of this Exhibit B) and for the rest of the incentive period, Marianas Southern shall implement and administer a Corporate Discount Program for official CNMI government travel on any flight operated by Marianas Southern. Marianas Southern shall be responsible for ensuring approved travel agencies in the CNMI are able to issue airline tickets in accordance with this Corporate Discount Program. This Corporate Discount Program may be patterned after existing programs currently administered by Marianas Southern.

(b) At least for the incentive period (as provided in Section (2)(c) of this Exhibit B), Marianas Southern shall provide the CNMI government charters rates as follows:

Route	Introductory Government Charter Rate	Incentive to be Applied	Final Costs
Saipan/Tinian	\$450	\$175	\$625
Saipan/Rota	\$900	\$350	\$1,250
Saipan/Guam	\$1,600	\$583	\$2,183

Prices are listed as each way and the incentive amount is to apply for the incentive period (as provided in Section (2)(c) of this Exhibit B).

Introducing a New Era in Inter-Island Air Travel



MARIANAS
— SOUTHERN AIRWAYS —

The Air Bridge of the Marianas

***A Saipan-based joint venture partnership with
America's Most Reliable Commuter Airline***

SOUTHERN



 **iFlyMarianas.com**

Making the case for Marianas Southern Airways

PAST HISTORY OF A SUCCESSFUL AIR SERVICE

The Mariana Islands have had a proud and storied history of air travel, pre-dating even the Golden Age of Aviation. As elders in the community look at the present state of inter-island air travel, they may wonder, "How did we get here? How could we travel so freely in the past but be so limited today, especially considering all the advancements the world has experienced in the last few decades? Have we been forgotten about, ignored, or simply overlooked? Is this our new normal? The answer to the last question is a resounding "no." The current state of inter-island air travel does not have to be the new normal. The days of being overlooked and underserved will soon become a relic of aviation history as we enter a "New Era of Inter-Island Air Service" and propel the Commonwealth of the Northern Mariana Islands into the future.

In 1968 - what seems like a lifetime ago - Air Micronesia established its headquarters in Saipan. Its launch was probably the single most important factor in the economic development that would span the next half-century as, for the first time, once-remote islands in the Pacific were connected to one another and the world at large. In the 1980's Air Micronesia became wholly-owned by Continental Airlines and its headquarters was moved from Saipan to Guam.

Cape Air, a Boston-based commuter airline primarily operating dated 8-seat piston-driven aircraft, began operating 42-seat ATR aircraft under the Continental banner in 2004. The service featured up to five daily flights between Guam and Saipan, as well as service from Rota to both of those islands. In 2012, Continental was acquired by United Airlines, and in 2018, after 14 years of providing connectivity between the Mariana Islands, United cut ties with Cape Air in Micronesia. This decision left Cape Air with a choice of either operating independently from United or vacating the marketplace altogether. Cape ultimately ceased operations, and United offered limited service between Guam and Saipan, over-flying Rota on that route.

Perhaps one of the reasons Cape Air chose not to continue flying in the region was the early success of Star Marianas Air. Star Marianas began as a charter operator in 2009 with a fleet of 5-seat Piper Cherokee 6s. The airline transitioned to become a scheduled-service operator in 2014. Two years later, it expanded its fleet to include 8-seat Piper Chieftains. At its peak, Star operated up to 200 flights per day within the islands. As the flight frequency of Star Marianas became a popular draw for daily passengers, larger aircraft that operated with limited frequency (like those of Cape Air) became less desirable. Without the help of United, it would have been difficult for Cape to compete with the convenience of the full time-of-day departure schedule that Star Marianas provided.

Air travel within the islands is a necessity, and the companies that provide it have always been well-respected by island leaders and communities. Air Micronesia, in particular, is credited with opening the Mariana Islands to the world for tourism and economic growth. When Air Micronesia's headquarters was moved from Saipan to Guam, its decisions continued to be made locally. It was only after United Airlines' acquisition of Continental that those decisions began to be made in Chicago, with very little input from the community. Nevertheless, the company and its services remain a source of positive memories for many islanders to this day.

CURRENT AIR TRAVEL DILEMMA

Unfortunately, air travel throughout the Marianas is no longer the positive experience that it was during the early 2000s. Currently, there are no legacy carriers serving the CNMI except for United, which only provides one flight per day between Guam and Saipan.

FINANCIAL CONSIDERATIONS

Reliable air transportation is vital for the CNMI economy. It provides the city-pair connections that serve as virtual bridges between the islands to support a healthy flow of key economic activities. Air service facilitates links between businesses, governments, and people, enabling trade, investment, tourism, and travel—not to mention critically important health care accessibility for people living in rural communities.

Air connectivity strengthens the CNMI's participation in the global economy by increasing access to international markets and facilitating the globalization of production and supply chains. Because 54% of international tourists travel by air, it is also indispensable for tourism, a major engine of economic growth—particularly in emerging economies. Aviation widens markets and unlocks an incredible range of economic benefits, including greater access to international capital, human resources, and investment. This is why improving air connectivity can generate a substantial boost to economic growth. As the world recovers from the COVID pandemic, it is critically important to ensure that the CNMI has a reliable, reputable, and efficient airline operating between the islands.

According to a study undertaken by global consulting firm PwC, air connectivity can strengthen a country's economy over the long haul, boosting productivity through its positive impact on businesses. Furthermore, the report notes that stakeholders have the ability to influence many factors that enable greater air connectivity through - amongst other things - regulatory and economic frameworks that enable growth.

Considering the necessity of reliable air transportation to the overall well-being and economic growth of the CNMI, Marianas Southern Airways is requesting governmental incentives to initiate service.

Its operating airline, Southern Airways, has countless opportunities for growth on the U.S. mainland and in Hawaii. Resources, such as planes and pilots, can be immediately deployed to routes in the mid-Atlantic region, the Gulf South, and in Southern California, where air service needs are time-sensitive and where Southern already has operations. To relocate assets to the western Northern Pacific versus simply taking advantage of easier opportunities is a considerable risk to Southern and comes at a significant cost.

Marianas Southern Airways was formed to bring reliable, modern, and immediate inter-island air service to the CNMI and to provide the air transportation infrastructure required for economic recovery. It also seeks to serve the health and well-being of island communities. In order to do this, and to guarantee long-term sustainability, Marianas Southern Airways is requesting a financial incentive package to help mitigate start-up risks and provide a solid foundation for future growth.



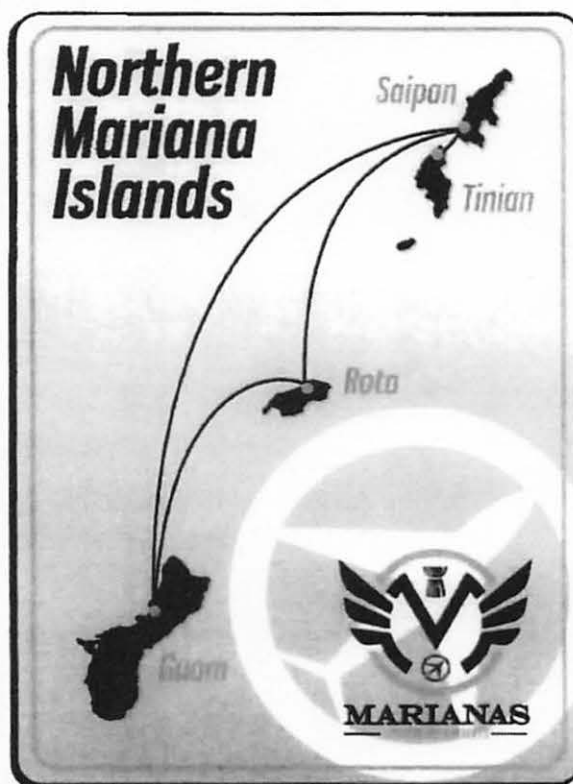
FINANCIAL INCENTIVES

Financial incentives will ensure the delivery of aircraft (anticipated in April 2022), airline startup, reliable travel services at the introductory rates proposed for a period of 6 months and the airline's commitment to ramp up operations to meet the community's needs over 18 months. This would also include reasonable cargo rates when such services are offered.

An Initial Incentive Request of \$1.5M is required to start the inter-island airline, mobilize aircraft and prepare for the first flights. This Initial Incentive amount will help mitigate the risks associated with ferrying \$12M of aircraft to the CNMI from the U.S. mainland where current route opportunities are both immediate and financially supported by federal subsidies. For Southern to overlook the guaranteed revenue potential of these routes and instead relocate aircraft, establish pilot bases, and create an entirely new operational structure, financial considerations are a necessity.

The investment of Marianas Southern Airways resources in the CNMI comes with considerable hard costs, and the allocation of aircraft (due to the remote geographical location of the islands) will be essentially permanent. These risks must be offset by long-term financial assurances.

To guarantee a successful launch and mitigate the ongoing costs and uncertainties of establishing new routes on the heels of a global pandemic, while simultaneously adding more aircraft to the fleet, Marianas Southern Airways is also requesting a per-flight incentive for a period of eighteen months. This will ensure additional aircraft will be provided to meet demand. The incentive amounts are illustrated in the table below.



**Incentive per Departure Based on
Number of Monthly Segments**

Route	First 500	Next 500	Next 1000+
SPN-GUM	\$583.33	\$486.11	\$416.67
ROP-GUM	\$408.33	\$340.28	\$291.67
SPN-TIQ	\$175.00	\$145.83	\$125.00
SPN-ROP	\$350.00	\$291.67	\$250.00

ABOUT THE SOUTHERN AIRCRAFT

Marianas Southern Airways is targeting two potential aircraft types for operation in the CNMI. One is the Cessna Grand Caravan, a turbine-powered aircraft that Southern has extensive expertise in operating. The other is the newly developed Tecnam P2012 Traveler, a modern twin-engine aircraft that has been tested in high-frequency commuter operations for the last three years.

The Cessna Caravan was developed in 1982 and is one of the only aircraft types to remain in constant production for the last 40 years. The 9-passenger turboprop aircraft has been well-reviewed by passengers living in the communities where Southern flies. With the Caravan, Southern has demonstrated the ability to offer record-setting passenger counts across multiple markets. The seating configuration allows for more personal space than passengers usually experience flying in business class on large passenger jets. Each Caravan is equipped with an underbelly cargo pod, making large suitcases, packages, and golf clubs easy to transport. The aircraft is powered by the time-tested Pratt & Whitney PT6-A engine, which has consistently evolved since its 1964 debut.

The Tecnam P2012 Traveler is known as the world's most advanced twin turbocharged piston aircraft. Manufacturing aircraft for more than 70 years, Tecnam has developed the P2012 Traveler to meet the challenges of daily scheduled airline operations. The 9-seat aircraft features generous luggage allowances to complement its sleek and modern interior design which includes LED reading lights, over-head air conditioning controls, and ergonomic seats with a USB port, armrest, and cup holder.

Either of these multi-million dollar aircraft will successfully move the inter-island air service offerings into the modern age of aviation and will provide an operating platform to meet the needs of the reemerging CNMI economy.



Tecnam P2012 Traveler



Cessna Grand Caravan

Southern Solves the National Pilot Shortage

Entire aircraft fleets have been retired in the past decade, and many American carriers have ceased operations as a direct and proximate result of not being able to recruit and retain adequate numbers of crew members. Southern recognized this issue early and began taking steps to position itself for competitive advantage.

Southern's Chairman served as a member of the Department of Transportation Working Group to study these issues and help alleviate the problems related to rural air service. Since that time, Southern has implemented groundbreaking programs to recruit and retain quality pilots, including the Southern Senior Pilot Leadership Program and the Southern Airways Pilot Cadet Program. In addition, the airline has a full-time recruiting staff dedicated to bringing the best and brightest candidates to Southern Airways. The company's pilot corps numbers are among the best in the industry and promise a very positive 2022 and beyond.

As demonstrated by its controllable completion rates which have led the industry since November of 2017, Southern has rarely canceled a flight due to crew availability. Now that the COVID pandemic has subsided and travel has rebounded, a pilot hiring frenzy is taking place at all major carriers and regional airlines. Southern's pilot recruiting and retention strategies have insulated the airline from the adverse effects of the recent pilot shortage trends. In 2021, Southern trained over 150 new pilots—keeping the airline properly staffed for the months and years to come. Southern is the only commuter airline that has a fully-developed pilot pipeline that has kept the pilot corps 100% staffed since November 2017. The January pilot class welcomed 25 pilots, setting 2022 up to be best year for recruitment thus far.

To guarantee flight performance and reliability for Marianas Southern Airways, Southern intends to have a mix of locally-based pilots living in Saipan and Guam as well as transient pilots from other Southern Airways regions. This hybrid model will allow for a constant flow of pilots to ensure that flight frequency can increase as demand dictates. Having pilot bases on each end of the island chain will allow for both early morning and late evening departures in both directions.



FACEBOOK.COM/IFLYSOUTHERN



INSTAGRAM.COM/FLYSOUTHERN



PINTEREST.COM/IFLYSOUTHERN



TWITTER.COM/IFLYSOUTHERN

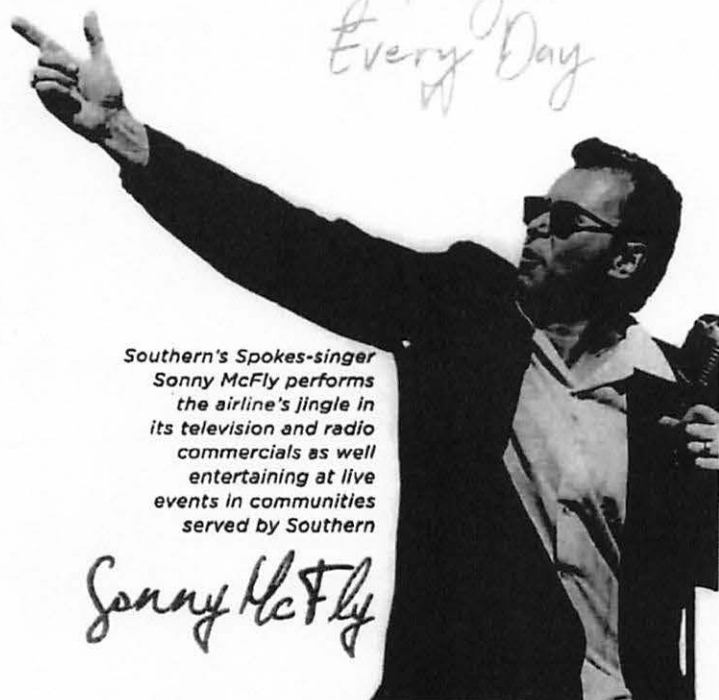


YOUTUBE.COM/USER/IFLYSOUTHERN

*Every Passenger.
Every Flight.
Every Day.*

Southern's Spokes-singer
Sonny McFly performs
the airline's jingle in
its television and radio
commercials as well
entertaining at live
events in communities
served by Southern

Sonny McFly



Southern Airways

By the Numbers

222 Daily Departures

30,000 Monthly Passengers

510 Employees

225 Pilots

35 Aircraft

***39
Amazing
Destinations***

IN THE MID-ATLANTIC:

Bradford, Penn.

DuBois, Penn.

Lancaster, Penn.

Morgantown, W.Va.

IN NEW ENGLAND

Boston/Hanscom, Mass.

Boston/Harbor, Mass.

Boston/Norwood, Mass.

Bridgeport, Conn.

New Bedford, Mass.

Providence, R.I.

IN NEW YORK

East Hampton

Montauk

Shelter Island

IN THE GULF:

Destin, Fla.

Harrison, Ark.

Palm Beach, Fla.

El Dorado, Ark.

Hot Springs, Ark.

Tampa, Fla.

IN CALIFORNIA:

Imperial/El Centro

IN THE ROCKIES:

Chadron, Neb.

IN HAWAII:

Hana

Kapalua

Kona

Molokai

Hilo

Kalaupapa

Lāna'i City

Waimea-Kohala

10 HUB/FOCUS CITIES:

Dallas

Denver

Honolulu

Kahului

Los Angeles

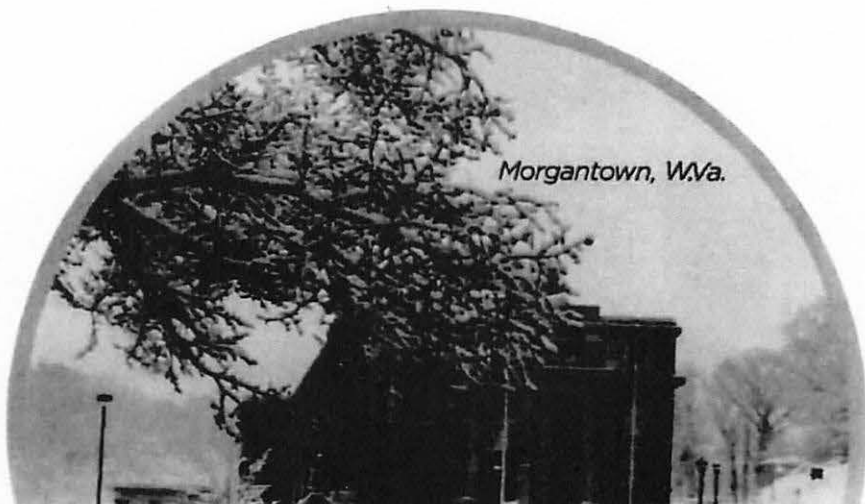
Memphis

Nantucket

New York City

Pittsburgh

Washington-Dulles



ALL MAJOR DISTRIBUTION CHANNELS

Southern invests a considerable portion of its marketing budget to promote its service to traditional travel agents and to Internet shoppers who purchase tickets through online travel agencies.

MAJOR GLOBAL DISTRIBUTION SYSTEMS:


Sabre
Amadeus
Worldspan
Galileo
Travelport
Apollo

MAJOR ONLINE TRAVEL AGENCY WEBSITES:

Expedia
Travelocity
Orbitz
Kayak
Priceline
Cheaptickets

amadeus

Sabre

Travelport 

KAYAK

ORBITZ

priceline.com


 **Expedia**


travelocity

Southern's interline partners United, American, and Alaska

Southern is interline partners with three major airlines. This means seamless ticketing and baggage connections to and from your final destination.

UNITED 

American Airlines 

Alaska.



What Are They Saying About Southern

OLEAN TIMES HERALD

Southern Airways has record December at Bradford airport

By MARCIE SCHILLHAMMER The Bradford Era Jan. 25, 2022



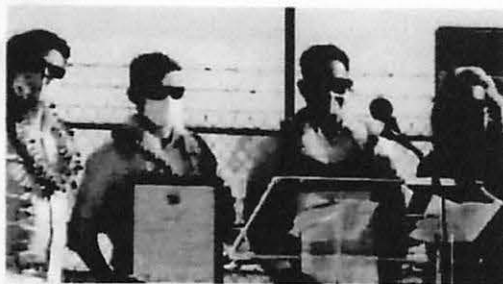
A Southern Airways plane sits on the tarmac at Bradford Regional Airport.

"I feel like they're committed to the community. When they say they're going to do something, they do it. That means spare planes and spare crews (to serve Hot Springs)."

—Glen Barentine, Hot Springs Airport Manager.

HAWAII NEWS NOW

Mokulele Airline pilots honored for their heroic efforts



"Southern continues to provide good service and we appreciate what they have done for the airport. They have an excellent completion rate at 97 percent. Compare that to other airlines, and you'll find that percentage is excellent."

—Jay Chamberlin, Chairman, DuBois Regional Airport Commission

Arkansas Business

Southern Airways Keeps Bringing EAS Reliability to 3 Cities

By Sarah Thompson-Hiller
Herald-Examiner Jan. 26, 2022 12:00 pm 3 minutes



Southern Airways airplane sits on the tarmac at Hot Springs Municipal Airport.

"Their customer service performance has been excellent. Their service performance has been so much better than their predecessor's"

—John Sutherland, Chadron, Nebraska City Manager

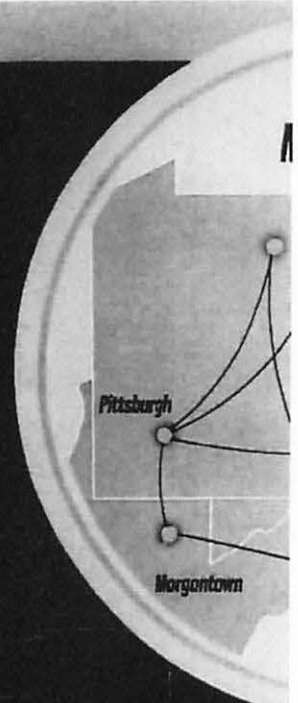
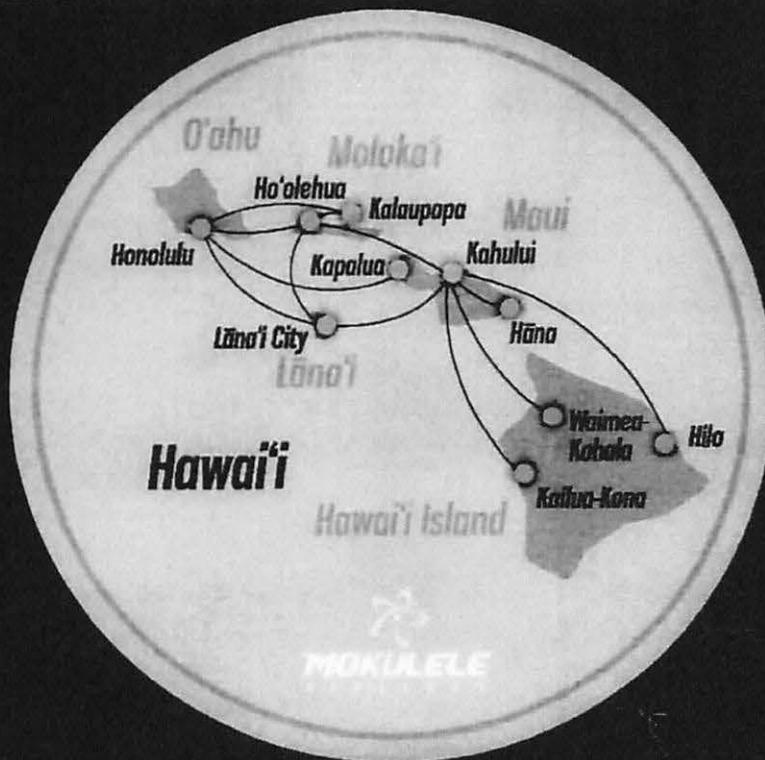
Mokulele Airlines expanding service to fill void left by 'Ohana by Hawaiian's suspension of operations

Star Advertiser



Sonny McFly

Southern Spokes-singer



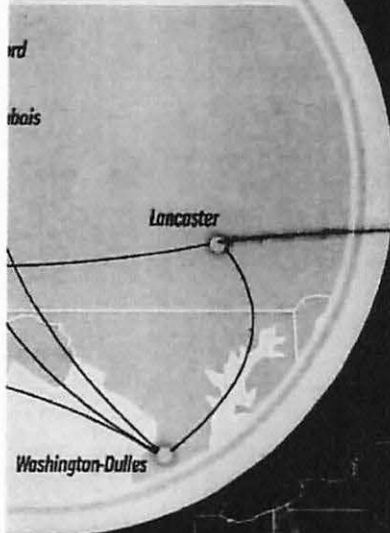
Route

Now serving 44
234 daily

Weekend

MAP
* CO

-Atlantic



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Chadron



WAYS

Map

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SOON

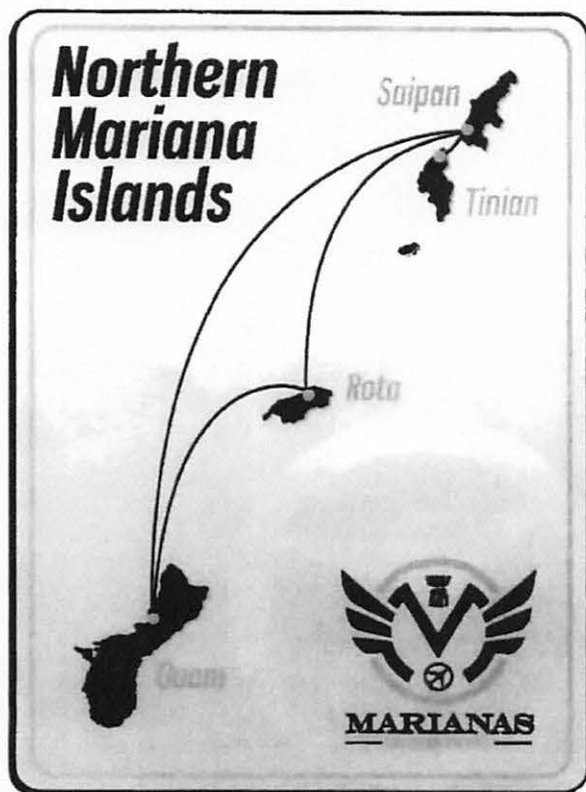
Launching a New Era of Inter-Island Air Service

THE INITIAL LAUNCH STRATEGY

Marianas Southern Airways will launch service with three initial aircraft based in Saipan and Guam and is planning for a total of six aircraft over the next three years to meet the anticipated demand. Having a comprehensive route network is essential to the long-term success of the airline.

The initial offering will include up to 42 weekly flights serving Saipan, Tinian, Rota, and Guam, reconnecting the islands of Rota and Guam for the first time in many years. Importantly, in phase two of the rollout, the airline will offer same-day connectivity to Saipan with United's Honolulu-Guam flight, thereby avoiding an unnecessary overnight stay in Guam. Through Southern's interline agreement with United Airlines, the ability to make a seamless reservation from Tinian, Rota, or Saipan to anywhere in the United network will be available for the first time in nearly a decade.

 MARIANAS SOUTHERN AIRWAYS			
Saipan to Tinian		Tinian to Saipan	
Departure	Arrival	Departure	Arrival
7:00 A.M.	7:15 A.M.	7:35 A.M.	7:50 A.M.
12:30 P.M.	12:45 P.M.	1:05 P.M.	1:20 P.M.
4:00 P.M.	4:15 P.M.	4:35 P.M.	4:50 P.M.
Saipan to Rota		Rota to Saipan	
Departure	Arrival	Departure	Arrival
8:15 A.M.	8:45 A.M.	11:10 A.M.	11:40 A.M.
1:45 P.M.	2:15 P.M.	2:35 P.M.	3:05 P.M.
Saipan to Guam		Guam to Saipan	
Departure	Arrival	Departure	Arrival
8:15 A.M.	9:40 A.M.	10:15 A.M.	11:40 A.M.
3:15 P.M.	6:05 P.M.	6:40 P.M.	9:30 P.M.
Rota to Guam		Guam to Rota	
Departure	Arrival	Departure	Arrival
9:05 A.M.	9:40 A.M.	10:15 A.M.	10:50 A.M.



PUBLIC FARES

Like most airlines, Southern Airways follows a three-tiered fare structure, with many seats selling at a discounted purchase price for those who can plan more than two weeks out. Most seats are sold at the middle fare class, with the remainder being sold at a premium. This structure allows the last seats on the plane to be available for those who need to book last minute. Marianas Southern Airways will follow this pricing strategy over time, but for the first six months of operations, most seats will be sold at one flat introductory rate.

Introductory fares:

Saipan to Guam: \$99
Saipan to Tinian: \$39
Saipan to Rota: \$69
Rota to Guam: \$69

MARKETING AND COMMUNITY OUTREACH

It has long been established that the best marketing an airline can do is to provide great customer service, on-time departures, and near-perfect reliability. Word-of-mouth from satisfied customers is crucial to successfully growing ridership. In addition to providing reliable and affordable air service, Marianas Southern Airways plans to utilize all traditional and social media channels, as well as invest in community engagement initiatives. Additional passenger-building plans include partnerships with local tourism offices, accommodation providers, and popular attractions offering packages that include airfare.

The branding strategy of Marianas Southern Airways will be positioned as "A New Era in Inter-Island Air Travel." This positioning has been developed to let passengers know that a modern alternative to their current sub-par airline offerings is now available. The most reliable and fastest-growing commuter airline in America will soon be serving the Commonwealth of the Northern Mariana Islands with a focus on creating economic growth through safe, affordable, and consistent air travel.

BRANDING

A strong brand and effective communications are critical to the success of Marianas Southern Airways. The primary branding goal is to position the airline as a modern air travel solution while also focusing on tangible customer benefits - specifically safety and reliability. The secondary branding goal is to establish Marianas Southern Airways as a driving force in the rebuilding of the CNMI economy. Air Micronesia was credited as being the primary factor in the opening of Micronesia to the world for tourism and economic growth. It was supported by island leaders and, to this day, is remembered fondly by local communities.

Marianas Southern Airways can one day be recognized with similar affection as a primary component in the post-COVID revival of the islands.

Marianas Southern Airways is a home-grown airline with local ownership and decision-makers. Brand messaging will highlight this fact in the hope that locals will come to associate Marianas Southern with the great air service they received from Air Micronesia when the company was based in Saipan.

ADVERTISING

Advertising will focus on traditional media local to CNMI and Guam as well as digital and social media solutions that specifically target the key demographic.

Key Demographic:

Primary: Customers living or working within the CNMI and Guam.

Secondary: Leisure customers seeking to visit the CNMI or Guam.

Key Messages:

Convenience – frequent flights featuring easy-in and easy-out facilities with no long screening, boarding, or customs lines.

Comfort – modern aircraft featuring new interiors, air conditioning, and a quiet in-cabin experience.

Competitive rates – customers will be offered a competitive value proposition based on service, frequency, fares, and reliability. Attention – customer feedback will be solicited, carefully considered, and addressed to customize air service options that best fit customers' needs.

Traditional media partners may include: The Saipan Tribune, Marianas Variety, Pacific Daily News, The Guam Daily Post, Joy FM, Power 99, KKMP, and selected Guam radio stations.

SOCIAL NETWORKING AND ONLINE MEDIA STRATEGY

Online media, blogs, and social networking sites provide an excellent and cost-efficient way to create an online community of consumers ahead of launch.

Corporate profiles and follower sites will be developed for Marianas Southern Airways on Facebook, Instagram, LinkedIn, and Twitter. Individuals and business customers can all be reached via these mediums.

In sync with the traditional media launch rollout, milestones and news will be tweeted to "followers" across all social media platforms and will be managed by a social media aggregator tool to ensure uniformity of message.

Social media profiles will begin with low-key messaging and progress rapidly as developments take place. The airline will also make use of pre-established contacts through the airline team's personal accounts.

Post-launch, close monitoring of these sites can help to identify potential issues ahead of time, allowing leaders to resolve these issues quickly and find solutions to problems as they arise.

POSITIONING FOR MEDIA COVERAGE

As it builds its media profile, Marianas Southern Airways will highlight its credibility as an air travel provider. Key messages will include: The airline is a well-financed operation comprising an 'A-list' management team. The operating airline is particularly experienced in inter-island operations. Marianas Southern Airways brings a modern air-travel solution to the CNMI and will be a necessary part of the post-COVID inter-island economic recovery.

A press packet and electronic press kit will be produced to brief media on the airline's business strategy, route/airport selection, product development, and launch timeframe. Press releases, backgrounders, and fact sheets will be disseminated broadly as the airline completes the path to launch.

MEDIA COVERAGE TALKING POINTS:

Local Leadership -- Marianas Southern Airways is a Saipan-based company with local owners who will be involved in all operations and decisions that affect local communities.

Experience -- Though the company is local, its operating airline, Southern Airways, is the most respected commuter airline in America, as evidenced by its interline partnership with United Airlines. As a result of its operation of Mokulele Airlines, the largest inter-island airline in Hawaii, (based both on its number of daily departures and its number of destinations served), Southern is intimately familiar with inter-island operations.

Modernity -- Marianas Southern Airways is bringing a modern air travel solution to the CNMI with its modern aircraft, professional management team, and global connectivity to United Airlines.

Dependability -- Southern Airways is the most reliable commuter airline in all of America. At the height of the COVID pandemic, Southern's financial security allowed the airline to lose millions while providing essential workers, healthcare professionals, and government officials the flights they needed in order to keep Hawaiian communities safe. That same level of dedication and attention will be given to clients in the CNMI.

Economic Growth -- The cornerstone of any thriving economy is the ability for people and goods to travel easily from one place to another. For this reason, Marianas Southern Airways is vital to the future of the Marianas.

KEY MEDIA EVENTS

Initial Announcement – local media will be invited to press conferences held in Saipan and Guam for a formal announcement of service, ticket on-sale dates, and inaugural flight days.

Inaugural Flight – a full inaugural publicity blitz, including “behind the scenes” features and opportunities to see the project come to fruition in print and on television, will be planned to launch the airline. Media will be invited onto various flights throughout the inaugural flight day.

COMMUNITY OUTREACH

A significant portion of the marketing strategy will be dedicated to the targeting of community partners. These relationships are important to build synergies between local businesses, community organizations, and the airline. Marianas Southern Airways has identified the following starting points for implementing this initiative.

Local Chambers and Civic Organizations – Chambers of Commerce, along with civic groups such as Rotary and Lions Clubs, provide a great platform for sharing the benefits of new businesses with their respective members and member lists. Each of these organizations also participates in community events and fundraisers where sponsorships and ticket donations could do tremendous good for the airline’s stature in the community. Being a good corporate partner is also morale-building for the airline’s team members, as involvement with charities and schools instills a sense of pride while contributing to the overall well-being of local communities.



Key Influencers – identifying the key influencers on each of the islands and enlisting those individuals to be airline advocates is an essential method of building grass-roots support for the new brand and its air travel options.

Blogger Outreach – Marianas Southern Airways recognizes that traditional journalists are no longer the exclusive distributors of information. Many everyday people have become successful online bloggers and have developed large followings. To maximize the airline’s messaging reach, qualified bloggers will be treated as local journalists. Top bloggers will be invited to preview the aircraft ahead of launch and fly on inaugural services.

Government Outreach – The airline understands its responsibility to keep local officials informed about every facet of its operations. Commitments to the environment, job creation, local investment, and increased flight frequency are just a few of the items that will be communicated to local government on a regular basis. This vigilance on the part of Marianas Southern will further secure buy-in while preventing confusion, misinformation, and speculation from entering the public debate. Marianas Southern Airways believes it is essential to share the success stories of the airline and give important media opportunities to community leaders.

TARGET AUDIENCE ACQUISITION STRATEGY

While it is understood that the initial launch of the service will create an unavoidable buzz among CNMI residents desperate for modern air travel solutions, it is also necessary to identify and engage with likely consumers. The following key sectors will be among the first groups targeted.

Business Customers within the Catchment Area – Marianas Southern Airways will target business customers through electronic geo-targeted marketing channels as well as news and business media. The airline’s goal is to register these customers for updates using the official website and social media channels in advance of the first flight.

Leisure Customers within the Catchment Area -- the airline will attract leisure consumers through traditional and social media platforms, thus creating an online community of potential passengers. In addition to paid media, Marianas Southern Airways intends to be visible in the community via casual, guerrilla-marketing style promotions on each island. The online community will be offered sales and special promotions such as weekend getaways to stimulate demand when corporate travel is light.

Corporate, Government, and Frequent Fliers -- for the past five years, Southern Airways has catered to corporate clients using its "21st Century e-Ticket Book" platform, which offers pre-paid travel discounts to clients who use the service often. Sales agents will aggressively canvass small to medium-sized enterprises, local corporations, and government organizations to promote and execute this successful corporate program.

Travel Management Companies and Travel Agents -- airline sales staff and senior executives will make use of new and pre-existing relationships with travel management companies, travel agencies, and other travel industry organizations. Familiarization tours will be offered to travel organizations such as the Marianas Visitor Authority and Guam Visitors Bureau. These tours will also be available to other travel partners representing local hotels and special attractions.

Package Tours -- Marianas Southern Airways will work with local business partners such as hotels, tour operators, The Marianas Visitor Authority, and Guam Visitors Bureau to develop marketable tour packages. Examples of such packages will be golf trips from Guam to Rota and Saipan, day trips to visit the sights of Tinian, diving and fishing tours, and any similar ventures that can be identified as adding economic value to the islands.

Military -- a key initiative will be to schedule regular and ongoing meetings with military stakeholders. The airline firmly believes in providing quality air service for the CNMI's growing military presence - both for official and leisure travel - is essential to long-term success. This sector is highly important to the economic growth of the region.



Star Marianas, after abruptly ceasing air operations in December 2021, is now flying less than 20 daily flights between Saipan, Tinian, and Rota—it offers no passenger flights to or from Guam.

In 2020, Saipan-based businessman Keith Stewart and his associate Bill Giles began working on an air service development concept to bring heavy-lift back to Saipan. Stewart and Giles recognized that the past success of Air Micronesia was heavily attributable to the fact that it was a Saipan-based airline with local leaders and decision-makers. They contracted Strategic Aviation Solutions, an experienced and proven consulting team that has launched airlines around the globe. Together, they formed Marianas Pacific Airlines, a start-up company with the goal of bringing high-yield international travelers directly to Saipan. Recognizing the gap in the availability of cargo air service in and out of the area, coupled with the demand for passenger travel on selected international routes, a new market entrant could be expected to increase the tourism base and stimulate the overall economic stability of the islands.

Over the next three years, Marianas Pacific Airlines' start-up operations will provide 52 flights per week on seven niche routes using three U.S.-registered Boeing 757-200 aircraft. The planned B-757 routes will be accessible to over 313 million people in four countries within a 6-hour and 15-minute flight time of Saipan. One key objective of this plan is to provide non-stop links to Saipan and Guam from Australia, a high-yield tourism market that the Marianas Visitor Authority has sought to access for many years. (United previously operated flights between Guam and Sydney.)

Originally, Marianas Pacific Airlines planned to delay the expansion of inter-island commuter connections until Phase II of its business plan

—with the idea that flights to Tinian, Rota, and Guam could further support and enhance the international market for the B-757 operation. This strategy has now changed following the abrupt suspension of services by Star Marianas. The interruption of service by the only inter-island carrier in the Marianas stoked fear among the local citizens, as the general health and well-being of the community is direly-dependent upon connectivity. As a result, leaders in the CNMI requested that Marianas Pacific Airlines immediately shift focus and find a way to fill the critically-important need for reliable inter-island air travel.

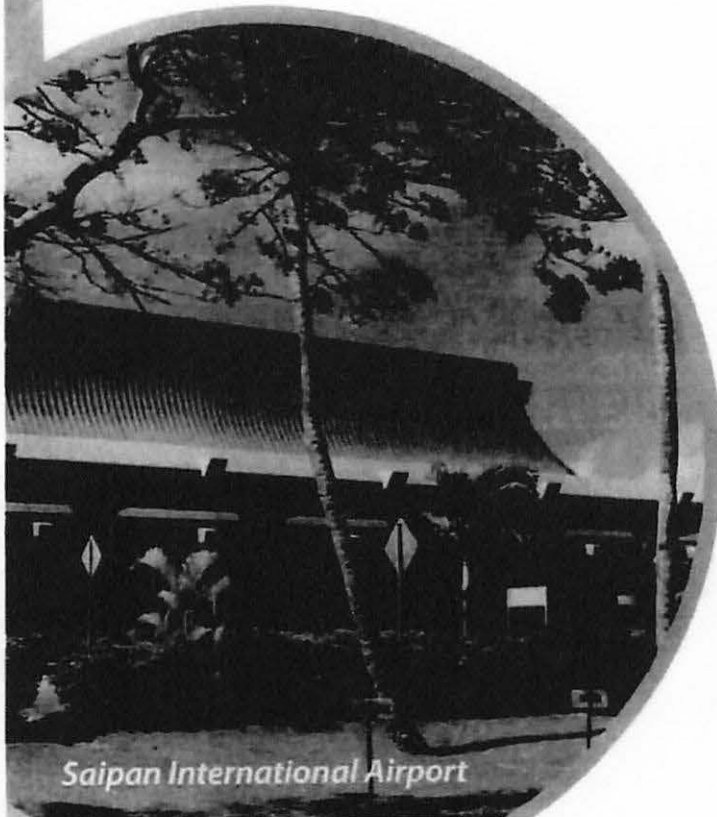
Though Star Marianas Air has resumed some daily flights, there is no certainty that operations will not be disrupted in the future. It is also widely recognized that the company will require a significant injection of capital if it is to upgrade its fleet from the decades-old piston aircraft to planes that will meet the future needs of the community. These concerns about the general health of the airline have expedited an immediate need for a long-term solution.

THE FORMING OF A JOINT VENTURE AND THE IMPORTANCE OF LOCAL OWNERSHIP

In order to create an immediate solution with long-term sustainability, Marianas Pacific Airlines realized it would be necessary (and efficient) to partner with an established, reputable, U.S. operator with Inter-island aviation experience. After a period of research and exploration, MPA decided to target and recruit Southern Airways - one of the largest commuter airlines in America. The resulting relationship led to a joint venture in which the principals of Marianas Pacific and Southern Airways became equal partners with a goal of launching near-term relief to the current air travel crisis. CNMI-based Marianas Pacific Express, marketed as Marianas Southern Airways, was formed in January of 2022.

The joint venture will feature Southern Airways as the air service operator focusing on safety, flight and ground operations, ticketing, maintenance, and finance. Local owners will contribute market knowledge, media, governmental relations, route development, schedule planning, and community outreach to the joint company. Local ownership ensures that any decisions directly affecting the islands are made with local input and considerations.

The ease and predictability of reliable mobility between communities is one of the cornerstones of a modern-functioning society. In order for an economy to survive, let alone prosper, people and supplies must be transported from one place to another every day. Air transportation between island communities is fundamentally important. Local ownership with a vested interest in the success of those communities is highly optimal.



THE SOUTHERN STORY

The first Southern Airways Express flight departed from Memphis, Tennessee, in June of 2013. At the time, the company owned just two airplanes and employed only three pilots. Now less than ten years later it has become one of the largest commuter airlines in the US, operating over 220 daily departures across six time zones, and establishing itself as a respected regional presence in the airline community. Much of Southern's success can be attributed to its targeted expansion of scale and stability, its groundbreaking initiatives to solve the industry-wide pilot shortage, and its operation of the most reliable and modern 9-seat aircraft.

After having acquired Sun Air International in 2016, and with Southern's Essential Air Service markets receiving near-perfect completion rates, the opportunity to make another acquisition presented itself. Mokulele Airlines had been in operation in Hawaii since 1994 and was very similar to Southern. With this acquisition, Southern became one of the largest and most-respected commuter airlines in the country.

Since the acquisition of Mokulele, Palm Beach-based Southern Airways has expanded into the Northeast, offering daily routes from the island of Nantucket to three communities in New England. It has also solidified its footprint in Southern California, expanded to the Rocky Mountains, and is the ticketing and call center platform for a seaplane operation conducting flights in Manhattan, the Hamptons, and The Boston Harbor.

In 2021, Southern completed over 99.3% of its 220 daily scheduled flights and led all commuter airlines in on-time performance. As a joint venture partner with Marianas Southern Airways, Southern offers scale, experience, and a solid reputation, ensuring the long-term viability and stability of this important new inter-island service.

This per-flight incentive request is based upon the company's anticipated launch schedule and it decreases on a graduated basis as scale is added and more passengers use the service. The amounts in this incentive request have been calculated based on several considerations such as stage length and whether a route is currently served.

Marianas Southern Airways is also interested in having an individual, appointed by the Governor, join its Advisory Board for the duration of the incentive period, if desired.

Providing necessary financial support as the service is introduced and the economy recovers from COVID will ensure a long-term and permanent inter-island air travel solution. Mokulele Airlines in Hawaii has operated for over 25 years, and with Southern Airways as its operator, the service is more stable now than at any other time in its history. In partnering with America's largest commuter airline, Marianas Southern Airways can deliver an equally stable (and arguably superior) inter-island air service product to the people of the Mariana Islands and the thousands of new visitors who will use the service over the coming years.

INCENTIVE SCHEDULE

Incentive Schedule						
Month	Estimated Number of Flights	Projected Incentive Amount		Month	Estimated Number of Flights	Projected Incentive Amount
1	400	\$151,667		10	900	\$315,972
2	400	\$151,667		11	1,000	\$347,569
3	500	\$189,583		12	1,200	\$401,736
4	500	\$189,583		13	1,200	\$401,736
5	600	\$221,181		14	1,400	\$455,903
6	600	\$221,181		15	1,500	\$482,986
7	700	\$252,778		16	1,600	\$510,069
8	800	\$284,375		17	1,800	\$564,236
9	800	\$284,375		18	1,800	\$564,236

SUMMARY

As outlined in this document, the establishment of a modern air carrier will bring significant social and economic benefits- including the long awaited-return of direct service between Guam and Rota, as well as an increased number of flights between Saipan and Guam.

The strength of local ownership and representation, partnered with the experience of a respected U.S. airline that deeply understands the importance of inter-island travel, makes Marianas Southern Airways a credible, long-term, and necessary option for commuters. It further underpins one of the key tenants for driving economic growth-reliable inter-island air service.



MARIANAS
— SOUTHERN AIRWAYS —

The Air Bridge of the Marianas



MARIANAS

SOUTHERN AIRWAYS

To further display Marianas Southern Airways' commitment to serving the air travel needs of the CNMI, please see the following additions to the initial offerings.

Private Charters

Marianas Southern Airways is offering a superior flying experience on new and modern aircraft. For the general public, that private charter experience will be priced a premium and will not include any government incentive. For government-related charter travel, the airline will offer a discounted rate that will include the per flight incentive.

Route	Introductory Government Charter Rate*	Incentive to be applied†	Final Costs
Saipan / Tinian	\$450	\$175	\$625
Saipan / Rota	\$900	\$350	\$1,250
Saipan / Guam	\$1,600	\$583	\$2,183

*Prices are listed as each way.

†Incentive to be supplemented for a period of 18 months.

Additional Routes

Though not included in the initial route offerings, Marianas Southern Airways recognizes that the demand for travel, specifically military-related travel, may be increasing between Tinian and Guam. For this reason, the adjacent incentive table has been adapted to include that possible route addition.

Incentive per Departure Based on Number of Monthly Segments			
Flights Between	First 500	Next 500	Next 1000+
SPN & GUM	\$583.33	\$486.11	\$416.67
ROP & GUM	\$408.33	\$340.28	\$291.67
SPN & TIQ	\$175.00	\$145.83	\$125.00
SPN & ROP	\$350.00	\$291.67	\$250.00
TIQ & GUM	\$495.83	\$413.19	\$354.17

Updated Route Map

In addition to potentially offering a non-stop route between Tinian and Guam, Marianas Southern Airways is excited to offer potential private charter and group tour flights to the island of Pagan, as soon as runway conditions are improved.



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
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TELEPHONE: 237-2232

OFFICE OF THE GOVERNOR

DAG-CIVIL DIV
2022 MAR 16 AM 9:37

MEMORANDUM

To: Attorney General
From: Gilbert Birnrich, Legal Counsel to the Governor
Date: March 16, 2022
Re: Requested changes and additional information

Good morning Attorney General Manibusan. I write this Memorandum to assist the Department of Finance in facilitating the completion of the proposed contract with Marianas Southern Airlines. This memorandum is meant to address your comments and suggestions that were conveyed to me and the Secretary of Finance through e-mails on March 14.

We have taken your suggestion and revised the indemnity clause to only be applicable to the CNMI instead of being a mutual indemnity clause. The page to Exhibit B with the modified language is attached to this memorandum. It has also been switched out in Exhibit B.

As for the suggestion that we include a provision where Marianas Southern must obtain insurance and make the CNMI a beneficiary in case of loss, we do not believe such a clause is needed for this agreement. First and foremost, the CNMI has no insurable interest. Perhaps you were thinking of DPL land leases where insurance clauses are common. However, in the case of land leases, the CNMI usually has an insurable interest such as structures on the property. If a structure burns down, naturally the CNMI would want the structure replaced. Thus, the need for insurance. Here, if a plane crashes, nothing of value to the CNMI is lost. It is of course a horrible loss for the people on the plane, families of those members, and for the airline. However, it is not a loss for the CNMI in any direct property or pecuniary way.

Further, the CNMI has never to my knowledge, required insurance in an airline incentive agreement. Most recently, with Skymark Airlines, MVA entered into an airline incentive agreement. A review of that agreement does not show any requirement for insurance.

Even more, airlines are highly regulated business. They require licenses and permits from the FAA to even operate and must demonstrate competence and safety. Specifically, Marianas Pacific Express, LLC is affiliated with a reputable and successful airline, Southern Airways, who has immense experience with inter-island travel across the nation and is the only available inter-island air-transportation provider that can immediately meet the Commonwealth's need for more affordable and accessible inter-island travel options within the Marianas. We have confidence in the safety and ability of the Contractor.

All this is to say that we do not believe we need a clause in the contract mandating insurance that is payable to the CNMI. It is our policy and business judgment that the language contained in section 10 of Exhibit A, Standard Terms and Conditions, is sufficient protection for the CNMI in an airline incentive agreement.

We believe that all of your concerns and comments have been addressed. We believe that the agreement protects the CNMI and gives real value for its investment. We also believe that the agreement is a fantastic opportunity for the CNMI to make a better life for the people of the islands and the tourism industry upon which it depends. We respectfully request that you and your office sign the contract so that the CNMI may pursue this significant initiative.